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IRAQ STATUS REPORT

December 8, 2010



U.S. Department of State

**Iraq Policy & Operations Group
Bureau of Near Eastern Affairs**

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HIGHLIGHTS

- **Allawi May Not Participate in New Government (*POLITICAL*, page 4)**
- **Decline in USF-I Operations as Violence in Iraq also Decreases (*SECURITY*, page 10)**
- **Erbil and Baghdad Working to Restart KRG Crude Oil Exports (*ECONOMIC*, page 13)**
- **Biden to Chair UN Security Council Meeting on Iraq (*DIPLOMATIC*, page 19)**



POLITICAL – Governance & Legislation

Government formation negotiations continue

Allawi May Not Participate in New Government:

- **Ayad Allawi threatened to quit the new Iraqi government on December 7. "Power-sharing is not happening," Allawi said. "It is not set to work in a meaningful way... If it does not change, I will not participate." Allawi claims that Iran prevented his participation in the new Iraqi government stating that "Iran has obstructed the way to power-sharing. They have a red line against me personally and they do not want Iraqiyya to participate in the new government." Allawi also confirmed reports that many imprisoned members of the al-Mahdi Army had been released as part of a deal struck between Prime Minister Nuri al-Maliki and Muqtada al-Sadr two months ago.**

Shahristani Offered Deputy Prime Minister Post:

- **According to Iraqi sources, Iraqi Oil Minister Hussain al-Shahristani has been offered the position of Deputy Prime Minister for Energy Affairs. Powers of this newly created post are yet to be determined and are still being discussed among the political blocs. The new deputy prime minister will oversee the ministries of oil, electricity, transportation, and possibly a new portfolio for investments, but Shahristani wants to make sure he would have enough power to influence Iraq's energy affairs if he relinquishes his position at the oil ministry, politicians close to the negotiations said.**



POLITICAL – Governance & Legislation

Government formation negotiations continue

Sistani Helpful in Maintaining Iraq's Unity and Independence:

- **Directives by top Shi'a cleric Grand Ayatollah Ali al-Sistani are highly effective in efforts to maintain Iraq's unity and independence, said Iraqi Parliament Speaker Osama al-Nujaifi on December 6 in Najaf. Nujaifi pointed out that lawmakers are working on establishing a state that would play a key role in the regional and global arenas and achieve security and prosperity for all Iraqis. "The time of discrimination among religious groups and provinces is over. We are now seeking a fair government that would serve all groups of Iraqi people away from any forms of discrimination," Nujaifi said.**

POLITICAL – Government of Iraq



Coalition Affiliation (at time of appointment)

United Iraq Alliance

Kurdistani Alliance

Iraqi Accord Front

Iraqi National List

Other / Independent

(F) = Female

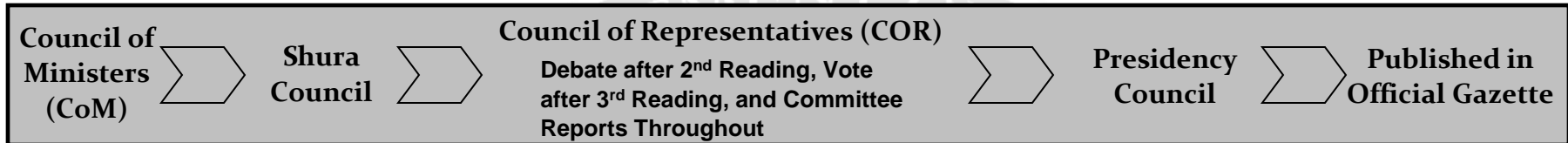
***Formerly Iraqiya

Prime Minister Nuri Kamil al-Maliki		President Jalal Talabani Deputy President Tariq al-Hashimi Deputy President Adil Abd al-Mahdi	
Deputy Prime Minister Rafi Hiad Jiad al-Issawi		Deputy Prime Minister Rowsch Shaways	
Minister of Agriculture Vacant	Minister of Communications Faruq Abd al-Qadir Abd al-Rahman	Minister of Culture Mahir Dilli Ibrahim al-Hadihi	Minister of Defense Abd al-Qadr al-Mufriji
Minister of Education Dr. Khudayr Mousa Jaffar al-Khuzai	Minister of Environment Dr. Nermin Othman Hassan (F)	Minister of Finance Bayan Jabr	Minister of Foreign Affairs Hoshiyar Mahmud Zebari
Minister of Human Rights Eng. Wijdan Mikhail Salim (F)	Minister of Industry & Minerals Fawzi Fransu Hariri	Minister of Interior Jawad Kadhum Eidan al-Bulani	Minister of Justice Dara Nur al-Din
Minister of Oil Dr. Husayn Ibrahim al-Shahrastani	Minister of Planning Ali Ghalib Baban	Minister of Trade Vacant	Minister of Science & Technology Dr. Raid Jahid Fahmi
Minister of Water Resources Dr. Abd al-Latif Jamal Rashid	Minister of Youth & Sports Eng. Jasim Muhammad Jaffar	Minister of State for Civil Society Affairs Dr. Thamir Jafar al-Zubaidi	Minister of State for National Dialogue Dr. Akram Mousa Hadi al-Hakim
Minister of State for Foreign Affairs Dr. Muhammad Munajjid Aifan al-Dulaymi	Minister of State for Provinces Affairs Dr. Khulud Sami Izzara al-Majun (F)	Minister of State for Tourism and Antiquities Dr. Qahtan Abbas Numanal-Jabburi	Minister of State for Women's Affairs Dr. Khulud Sami Izzara al-Majun (F), Acting
Minister of State at Large Muhammad Abbas Muhammad al-Uraybi	Minister of State at Large Ali Muhammad Ahmad	Minister of State at Large Hasan Radhi Kazim al-Sari	Minister of State for National Security Eng. Shirwan Kamil al-Waili
			Minister of Labor & Social Affairs Eng. Mahmud Muhammad Jawad al-Radi
			Minister of Higher Education and Scientific Research Abid Dhiyab al-Ujayli
			Minister of Electricity Dr. Husayn Ibrahim al-Shahrastani
			Minister of Health Salih Mahdi Mutlab al-Hasnawi
			Minister of Housing & Construction Bayan Dizayee (F)
			Minister of Municipalities & Public Works Riyadh Abd al-Hamza Gharib
			Minister of Transportation Amir Abd al-Jabar Ismail



POLITICAL – Key Legislative Issues

Legislative Process



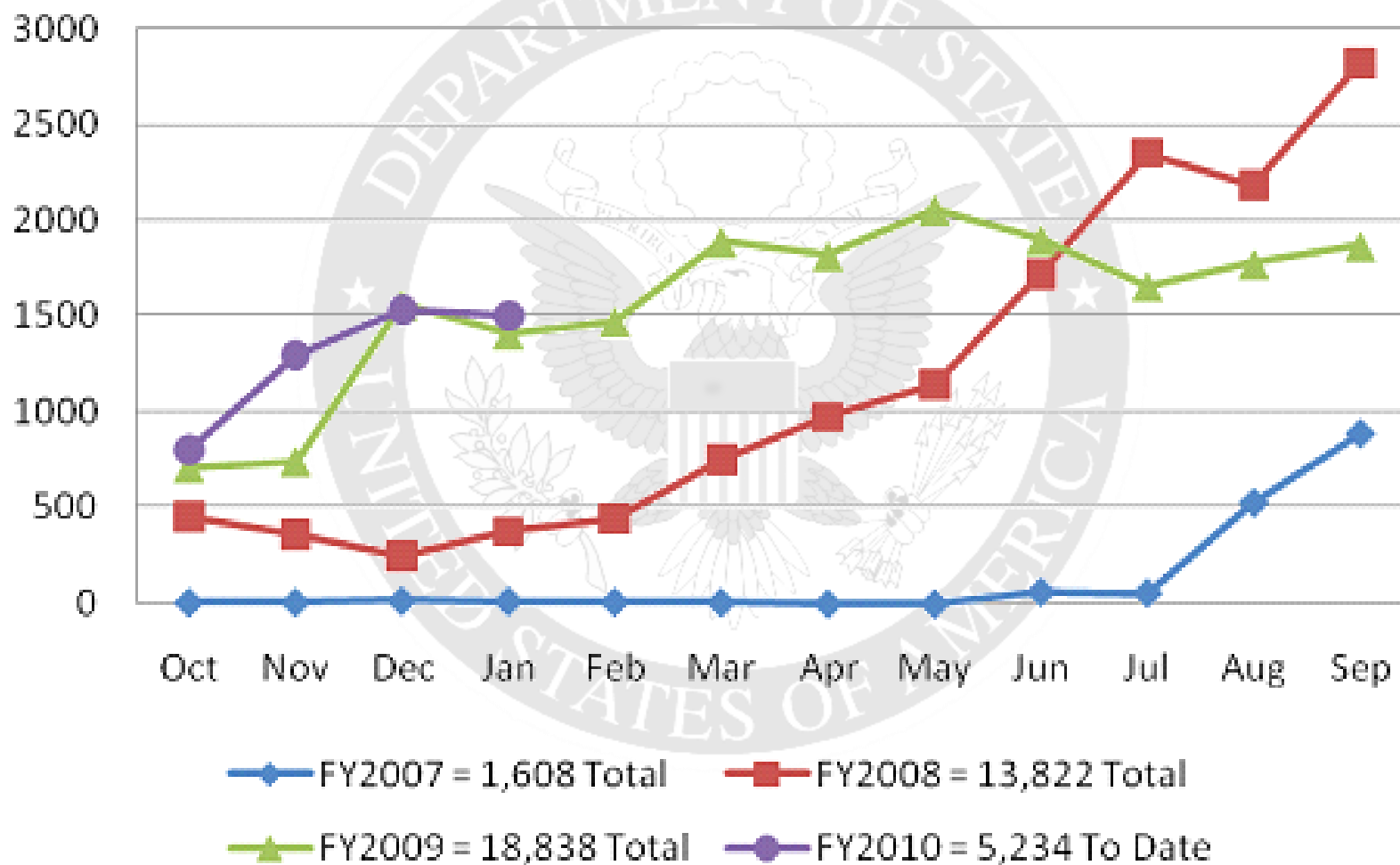
- **Hydrocarbons Package:** The Framework Law was resubmitted to the Oil and Gas Committee on October 26, 2008 and then returned to the Council of Ministers. There has been no progress on the other three laws in the package.
- **NGO Law:** This law, approved March 3, will regulate the operations and funding of Non-Governmental Organizations operating within Iraq.

POLITICAL – Refugees

- **There are over 208,000 Iraqi refugees currently registered with the UN High Commissioner for Refugees (UNHCR) in neighboring countries and an undetermined number of unregistered refugees. UNHCR reports that 1.5 million Iraqis remain internally displaced due to sectarian violence following the Samarra Mosque bombing of February 2006.**
- **Since the beginning of 2008, over 515,000 Iraqis have returned to their neighborhoods in Iraq. The majority of the Iraqis returning were internally displaced persons.**
- **In FY10, the U.S. Government contributed \$355.8 million to international and non-governmental organizations to assist Iraqi refugees, internally displaced, and conflict victims.**
- **Since the program's inception in FY07, over 52,280 Iraqi refugees have been admitted to the U.S. for resettlement.**
- **As of September 2009, a total of 1,143 Special Immigrant Visas (SIVs) have been issued for Iraqi translators and interpreters (and their dependents) since FY07 (under the Section 1059 program).**
- **As of September 2009, a total of 1,716 SIVs have been issued for Iraqis employed by the U.S. government (and their dependents) since FY08 (under the Section 1244 program).**

POLITICAL – Refugees

Iraqi Admissions to the U.S.



SECURITY – Situation Update

Violence in Iraq continues to decline and USF-I gives law enforcement training to ISF

Decline in USF-I Operations as Violence in Iraq also Decreases:

- **United States Special Forces are running half as many operations in 2010 as were being run in 2008 and 2009, according to special forces commanders Col. Mark Mitchell and Col. Darsie D. Rogers Jr. While briefing reporters on December 1, Col. Mitchell and Col. Rodgers Jr. said the decline was in part due to a decrease in violence in Iraq. The GOI released figures on December 1 showing that the month of November 2010 had the least number of casualties since November 2009. Another factor has been the legal requirement that Iraqi judges approve all counterterrorism operations beforehand, which has been in effect since January 2009 and is in accordance with a security agreement between Iraq and the United States.**

U.S. Law Enforcement Professionals Train Iraqi and U.S. Troops:

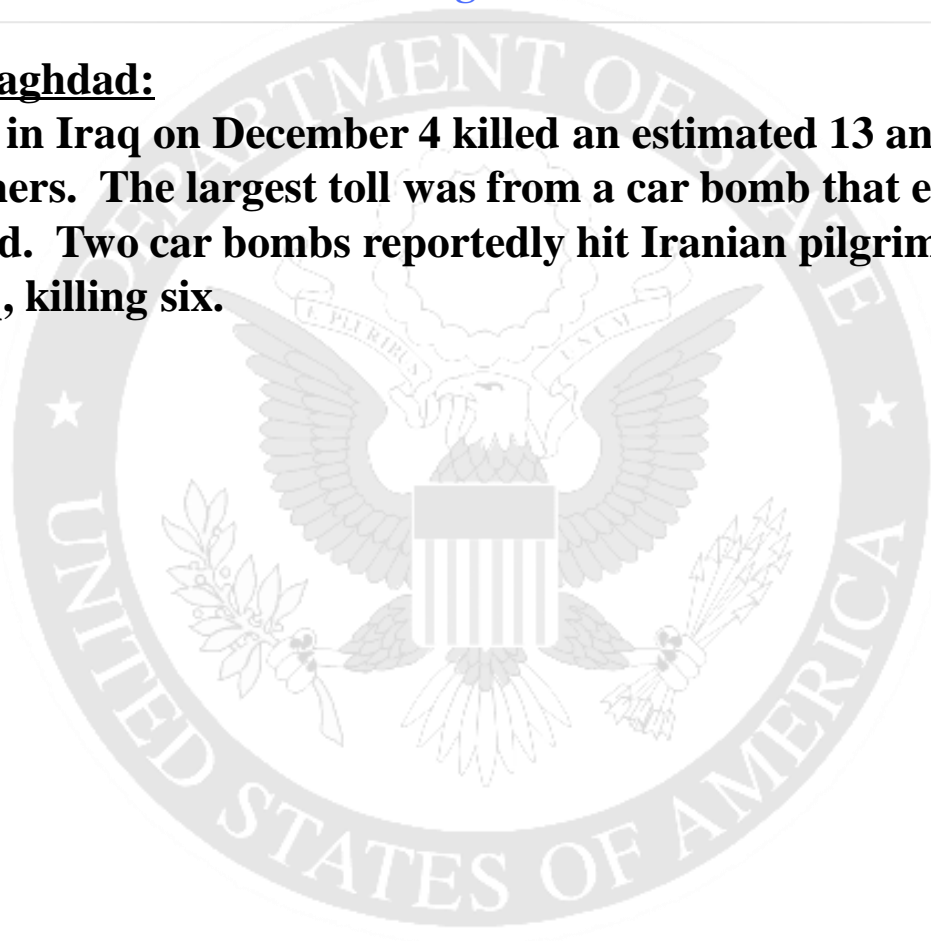
- **U.S. law enforcement forensics professionals with the Military Police provided training to the ISF to teach proper investigation and evidence collection techniques. U.S. forces trained alongside the Iraqis, with the Iraqis taking the lead in the classroom while USF-I took an advisory role to simulate a joint crime investigation under the security agreement between the United States and Iraq. The training included DNA collection and crime scene investigation as part of a U.S. effort to assist Iraq in improving its policing capabilities.**

SECURITY – Situation Update

Violence in Iraq continues to decline and USF-I gives law enforcement training to ISF

Car bombs Kill 13 in Baghdad:

- **A series of bombings in Iraq on December 4 killed an estimated 13 and wounded approximately 80 others. The largest toll was from a car bomb that exploded in a market in southwest Baghdad. Two car bombs reportedly hit Iranian pilgrims on a tour to religious sites in Iraq, killing six.**



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ECONOMIC – Oil

Crude oil average closing prices

Prices in world markets closed with the following averages:

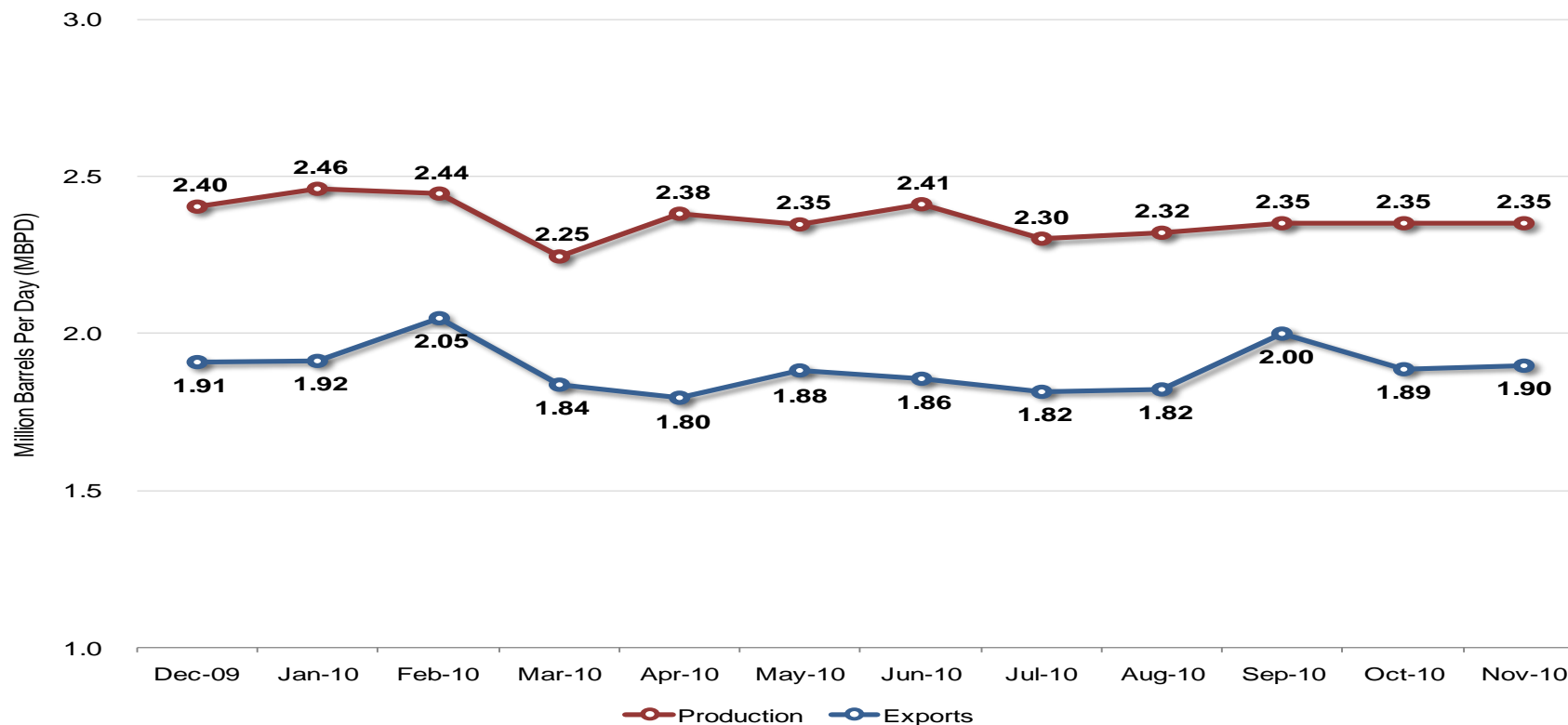
Basrah Light at \$86.03/barrel

Dated Brent at \$88.30/barrel

WTI Cushing at \$86.76/barrel

Oman/Dubai at \$85.44/barrel

Iraq Crude Oil Production and Exports



Iraq's Oil Revenue

2008: \$61.9 Billion

2009: \$39.2 Billion

2010 (ytd estimate): \$44 Billion

ECONOMIC – Oil

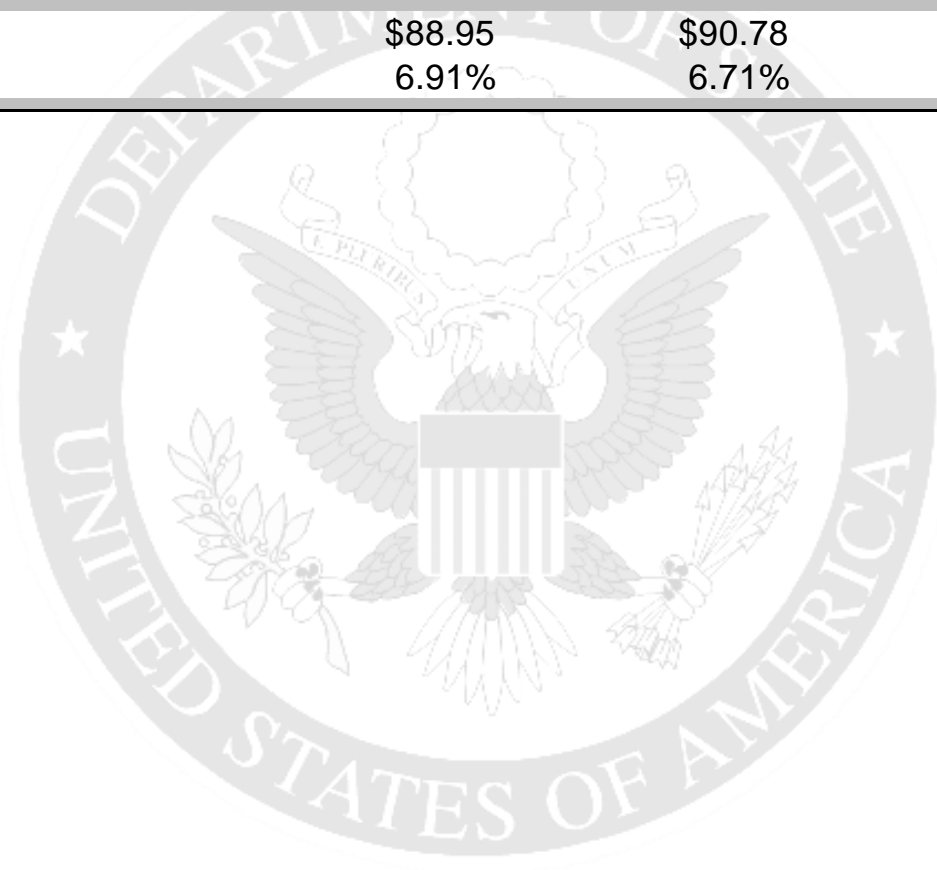
Erbil and Baghdad Discuss Potential KRG Exports

Erbil and Baghdad Working to Restart KRG Crude Oil Exports:

- **Erbil and Baghdad are meeting again to discuss the Tawke and Taqtaq oil fields that produced and exported crude oil from June to October of 2009. The contracts were halted due to disagreement as to how to pay the contractors. As additional justification, the exports were put on hold once it was revealed that former Ambassador Peter Galbraith had an interest in the Tawke oil field. Nevertheless, KRG Natural Resources Minister Ashti Hawrami is optimistic that the KRG will resume oil exports in early 2011, which will allow the KRG to contribute the 150,000 barrels per day (bpd) that the 2011 draft budget assumes will come from the region. Iraqi Oil Minister Hussain Shahrستاني confirmed this projected export number on December 6. Shahrستاني also indicated that Baghdad may reimburse some costs associated with the two contracts, saying that “the companies can present invoices for costs on equipment or drilled wells in Iraq, and if they are reasonable, like the ones signed by the Oil Ministry with other companies, the costs will be paid and the ownership will be transferred to Iraq.”**

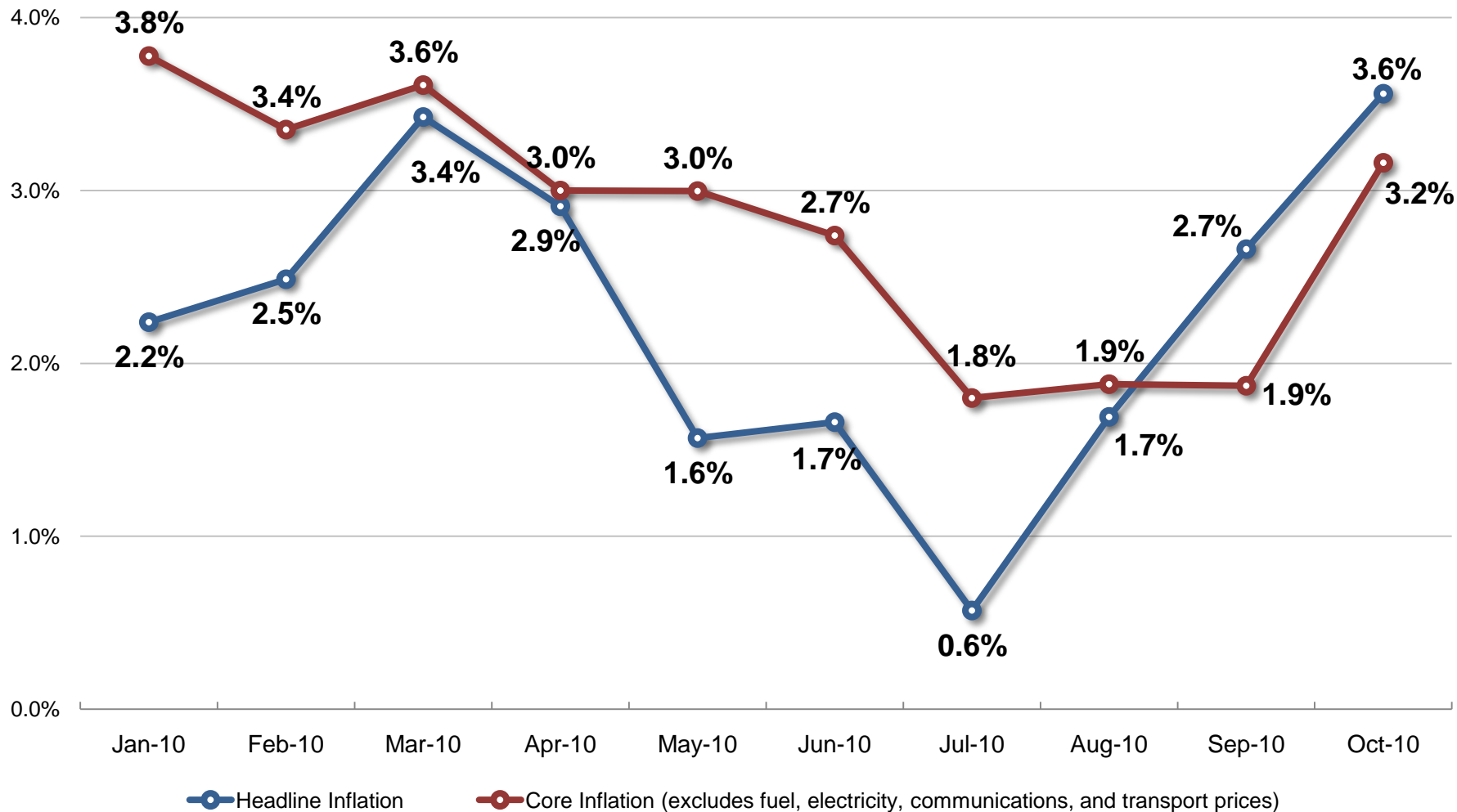
ECONOMIC – Fiscal and Monetary Affairs

Economic Indicator	This Week	Last Week	Last Month	Last Year
Iraqi Debt Swap Bond Prices and Yields				
Price (USD)	\$88.95	\$90.78	\$92.66	\$64.50
Yield	6.91%	6.71%	6.52%	10.32%



ECONOMIC – Fiscal and Monetary Affairs

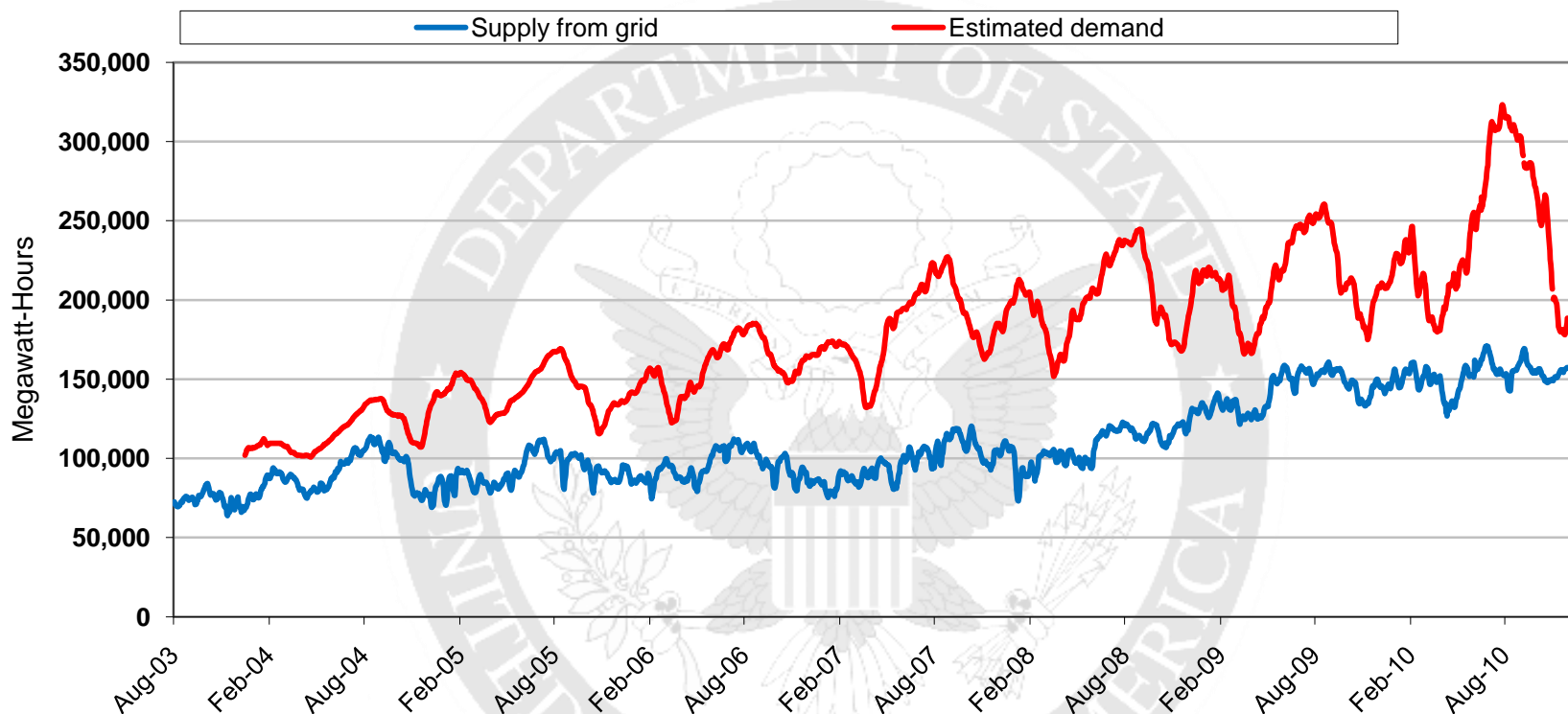
Iraq: Year-on-Year Inflation



- In 2010, the Central Bank of Iraq began using a new Consumer Price Index. As a result, year-on-year inflation data prior to January 2010 cannot be directly compared.

ECONOMIC – Electricity

Daily Electricity Supply from the Grid and Estimated Daily Demand



- November 29-December 5 supply from the grid was 5% above the year-earlier period, and met 83% of estimated demand compared with 73% for the same period in 2009.
- For November, grid supply was 10% above 2009 and met 81% of estimated demand, compared with 74% for the year-earlier period.



ECONOMIC – Industry Spotlight: Healthcare

Ministry of Health appeals for assistance in building healthcare infrastructure

Hospitals, Bed Facilities Cited As Most-Needed Resources:

- **Speaking at the Healthcare Infrastructure World MENA 2010 conference on December 1, the Director of Planning and Resource Development at the Iraqi Ministry of Health urged Gulf investors to help rebuild Iraq's health facilities. He cited the construction of hospitals and bed facilities as the Ministry's chief challenge, despite the fact that 10 hospitals, each with a 200-bed capacity, are currently in the Ministry's construction pipeline. He also encouraged medical staff from host-country Bahrain to work in Iraq. According to the Director's remarks, the GOI has allocated \$4 billion for hospital and clinical investments in the coming year.**

ECONOMIC – Private Sector

Regional firm takes active role in strengthening Iraq's electricity sector

GE Equipment Procurement Helps Jordanian Firm Provide Electricity to Northern Iraq:

- **General Electric Co. (GE) won an order to produce three Frame 9E gas turbines and generators for the expansion of Mass Global Investment Co.'s Erbil power plant. The Jordanian-owned plant intends to increase electrical capacity in Northern Iraq to 2,200 megawatts (MW), of which 375MW will be contributed through this new acquisition. Said Mass Global Chairman Ahmad Ismail: "Our mission is in line with the Kurdistan regional government's initiative, calling for the private sector to help meet the energy requirements in this region."**



DIPLOMATIC – Political Engagement

Iraqi regional and international reintegration

Biden to Chair UN Security Council Meeting on Iraq:

- **U.S. Vice President Joe Biden will chair a high-level UN Security Council meeting on December 15 to recognize the political and security progress Iraq has made so far, according to U.S. Permanent Representative to the UN Ambassador Susan Rice. “It’s an important opportunity for the international community to recognize the very real progress that Iraq has made both in terms of government formation as well as the significant steps that have been taken to terminate its Chapter VII obligations,” Rice said.**

Italian Embassy Opens in Baghdad:

- **Foreign Minister Hoshyar Zebari met with Italian Foreign Minister Franco Frattini on December 6 at a reception to open the new Italian Embassy in Baghdad. Mr. Frattini conveyed the congratulations of the Italian government on the agreement of Iraq’s political party leaders to form a new government. During the meeting, they reviewed bilateral relations and the Iraqi government's desire to provide security and protection for Iraqi Christians.**

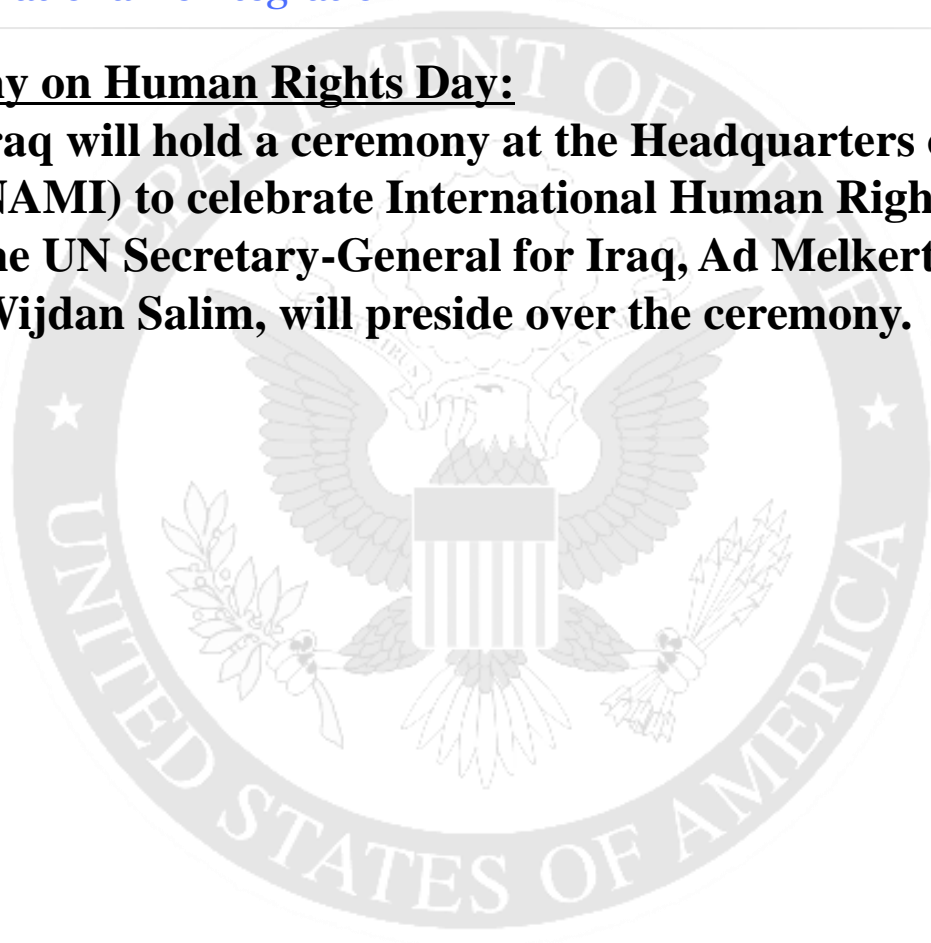


DIPLOMATIC – Political Engagement

Iraqi regional and international reintegration

Iraq to Hold Ceremony on Human Rights Day:

- **On December 10, Iraq will hold a ceremony at the Headquarters of the UN Assistance Mission in Iraq (UNAMI) to celebrate International Human Rights Day. The Special Representative of the UN Secretary-General for Iraq, Ad Melkert, and Iraq's Minister of Human Rights, Wijdan Salim, will preside over the ceremony.**



Baghdad and Beyond



SIGIR Officials and Dhi Qar Provincial Leaders at Mittica Training Center Earlier This Year

Baghdad

*Maysan, Dhi Qar,
Muthanna*

“...we will help Iraq's institutions strengthen their capacity to protect the rule of law, confront corruption, and deliver basic services.”

President Barack Obama

Recent Highlights

PRT-Baghdad attended the opening of the Hammad Shebab Maternity Hospital, a former military hospital northeast of Baghdad that was looted in 2003. The opening is the result of joint efforts by the PRT, USF-I, the Baghdad Provincial Council, and the Ministry of Health. The project included a refurbished OB-GYN clinic with two operating theaters, a delivery room, and 30 in-patient beds. This is the only OB-GYN birthing center in the neighborhood, providing a vital service to the community.

The PRTs in Maysan, Muthanna, and Dhi Qar recently organized a two-day workshop on veterinary procedures and breeding techniques. Veterinarians from professional associations in Muthanna and Dhi Qar attended the workshop, held at the Mittica Training center in Dhi Qar. Part of a larger effort to exchange knowledge between PRT agriculture advisors and local staff, the goal is to improve skills of Iraqi veterinarians.



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This brief draws from multiple sources. References are cited on the following pages.

For additional information, please see:

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<http://2001-2009.state.gov/p/nea/rls/rpt/>
- Department of Defense, Section 9010 Measuring Stability and Security in Iraq
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Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov

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- Bloomberg, December 6, <http://www.bloomberg.com/news/2010-12-06/ge-wins-orders-for-wind-turbines-in-brazil-auction-and-gas-plants-in-iraq.html>; Utilities Middle East; December 6, <http://www.utilities-me.com/article-899-ge-supplies-turbines-for-kurdistan-plant-expansion/>

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